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Attorneys for Non-Party/Respondent
CAMBRIDGE DISPLAY TECHNOLOGY, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SUNNYSIDE DEVELOPMENT
COMPANY, LLC,

Plaintiff,

vs.

OPSYS LIMITED, a United Kingdom
Company,

Defendant.

No. C-05-00553 MHP

**DECLARATION OF DAVID FYFE
IN OPPOSITION TO PLAINTIFF'S
MOTION TO ADD CAMBRIDGE
DISPLAY TECHNOLOGY, INC. AS
A PARTY TO ACTION AND
JUDGMENT**

Date: May 16, 2007
Time: 1:00 p.m.
Courtroom: 15, 18th Floor
Judge: Hon. Marilyn Hall Patel

1 I, **DAVID FYFE**, declare as follows:

2 1. I am the Chairman of the Board of Directors and Chief Executive Officer of
3 Cambridge Display Technology, Inc. ("CDT Inc."). I have held these positions since 2000.
4 I have never been an officer or director of Opsys Limited ("Opsys"), Opsys UK Limited
5 ("Opsys UK"), or CDT Oxford Limited ("CDT Oxford"). I have personal knowledge of the
6 matters stated in this declaration and, if called as a witness, could testify competently
7 thereto.

8 2. CDT Inc. is a holding company. It owns all the stock of CDT Holdings
9 Limited, which, in turn, owns all the stock of Cambridge Display Technology Limited
10 ("CDT Ltd."). CDT Ltd. currently owns all the stock of Opsys. In addition, CDT Ltd.
11 currently owns all the stock of CDT Oxford, a corporation formerly owned by Opsys and
12 formerly named Opsys UK Limited.

13 3. CDT Inc. is a leading developer of polymer organic light-emitting diode ("P-
14 OLED") technology, which makes possible energy-efficient, ultra-thin, lightweight displays
15 in a variety of electronic devices.

16 4. In mid-2002, CDT Inc. (then called CDT Acquisition Corporation) began
17 negotiating to acquire control of certain U.K.-based assets of Opsys, which owned or
18 controlled a number of patents that had the potential to be useful in developing the next
19 generation of high efficiency P-OLED materials. I was involved in these negotiations.

20 5. The Opsys research facilities developing the intellectual property based on
21 the patents that could be useful to CDT Inc. were all located in the U.K. near Oxford.

22 6. Opsys also had operations in the United States involving the pilot
23 manufacturing of displays based on small molecule emitters. The U.S. operations did not
24 involve printable P-OLEDs, as the U.K. operations did. Instead, they employed a
25 competing technology based on a license that Opsys had obtained from the Eastman Kodak
26 Company ("Kodak").

27 7. CDT Inc. was not interested in acquiring Opsys's U.S. operations for a
28 number of business reasons. The Kodak manufacturing process differed fundamentally

1 from the process used by CDT Inc., which had invested in its own pilot manufacturing
2 facility and had no need of another such facility, particularly one using non-compatible
3 production equipment. Because Kodak is a competitor of CDT Inc. in the licensing of
4 OLED technology, CDT Inc. did not wish to take any action that would endorse (tacitly or
5 otherwise) Kodak's technology. In addition, CDT Inc. had a business model specifically
6 eschewing the manufacturing business that Opsys's U.S. operations were seeking to enter—
7 the highly competitive, low-profit, capital-intensive business of display manufacturing.
8 Instead, the business model of CDT Inc. focuses on licensing its technology and
9 transferring that technology to display makers and others in the display supply chain.
10 Although CDT Inc. had invested in a process development line to develop manufacturing
11 process know-how, it never intended to be a volume manufacturer of displays. In contrast,
12 Opsys's U.S. operations intended to manufacture and sell display products.

13 8. The senior management of CDT Inc. made it absolutely clear to Opsys's
14 management from the outset that CDT Inc. had no interest whatsoever in the U.S. assets
15 and business of Opsys and that any deal would require a clean separation of the U.S.
16 business from the U.K. assets in which CDT Inc. was interested. Therefore, the 2002
17 transaction proceeded on this basis. Opsys had already placed its U.S. assets and business
18 into Opsys US Corporation. It placed its U.K. assets and business into another entity
19 (Opsys U.K.). A principal point of this structure was to effect this clean separation.

20 9. By means of the 2002 transaction, which closed in October 2002, CDT Ltd.
21 acquired control of Opsys UK. Thereafter, three out of twenty-three Opsys UK employees
22 became employees of CDT Ltd. Later in 2002, Opsys UK was renamed CDT Oxford
23 Limited.

24 10. Beginning in July 2003, the CDT Oxford facility in Oxford was gradually
25 shut down. Most of CDT Oxford's employees were laid off in July 2003; a few remained
26 on until October 2003 to oversee the shutdown. Three such employees subsequently
27 accepted offers to work for CDT Oxford in Cambridge. They and certain CDT Ltd.
28 employees, who were transferred to CDT Oxford, formed a new high efficiency materials

1 research group located in Cambridge and funded by one of CDT Inc.'s shareholders. This
2 group conducted research that built upon and expanded both the research previously
3 conducted by CDT Oxford and research conducted by CDT Ltd., thereby capturing the
4 synergies from CDT Ltd.'s acquisition of control over CDT Oxford's intellectual property.
5 CDT Oxford's employees used different laboratories than CDT Ltd.'s employees in
6 Cambridge.

7 11. Opsys had no operations of its own after the transfer of its U.K. operations to
8 Opsys UK/CDT Oxford in 2002. Opsys, however, has not been liquidated.

9 12. From time to time, the CDT Inc. Board of Directors has considered the
10 action brought by Sunnyside Development Company, LLC ("Plaintiff"), against Opsys, not
11 only because Opsys is a subsidiary of CDT Ltd. (and hence an indirect fourth-tier
12 subsidiary of CDT Inc.) but also because Plaintiff named CDT Ltd. in its original complaint
13 and in its first amended complaint, and because Plaintiff moved to add CDT Inc. as a party
14 in November 2005. Because of Plaintiff's attempts to sue CDT Ltd. and CDT Inc., I have
15 paid some attention to this litigation. CDT Inc. (and CDT Ltd.) did not direct the day-to-
16 day defense of Plaintiff's claim.

17 13. I participated in a settlement discussion with Plaintiff's property manager,
18 Frank Chiu, because Mr. Chiu asked that a representative of CDT Inc. attend. Mr. Chiu and
19 I did not speak again after this meeting. Michael Black, a director of Opsys, was present at
20 all times during that meeting.

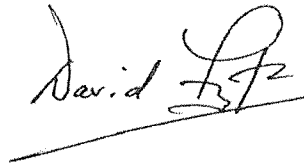
21 14. CDT Inc. would not have acquired Opsys's stock in 2004 (CDT Inc. later
22 transferred that stock to CDT Ltd.) if CDT Inc. or CDT Ltd. had known that Plaintiff
23 claimed that the assignment of the lease agreement between Plaintiff and Opsys to Opsys
24 US Corporation was ineffective or that CDT Inc. or CDT Ltd. might be deemed to have any
25 liability under that lease.

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1 I declare under penalty of perjury under the laws of the United States of America
2 that the foregoing is true and correct. Executed this 7th day of May, 2007 at San Francisco,
3 California.

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9 David Fyfe _____
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